

## Fiscal Estimate - 2005 Session

☒ Original      ☐ Updated      ☐ Corrected      ☐ Supplemental

<b>LRB Number</b> <b>05-2851/5</b>		<b>Introduction Number</b> <b>SB-392</b>	
<b>Description</b> The sale of gift certificates, gift cards, and other gift obligations and providing penalties			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget	
		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		<input type="checkbox"/> Decrease Costs	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
<b>5. Types of Local Government Units Affected</b>			
<input type="checkbox"/> Towns		<input type="checkbox"/> Village	
<input type="checkbox"/> Counties		<input type="checkbox"/> Others	
<input type="checkbox"/> School Districts		<input type="checkbox"/> WTCS Districts	
<input type="checkbox"/> Cities			
<b>Fund Sources Affected</b>			
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.115(1)(a)			
<b>Affected Ch. 20 Appropriations</b>			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DATCP/ Michelle Reinen (608) 224-4988		Barb Knapp (608) 224-4746	
		<b>Date</b>	
		10/25/2005	

**Fiscal Estimate Narratives**  
**DATCP 10/25/2005**

LRB Number	<b>05-2851/5</b>	Introduction Number	<b>SB-392</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
The sale of gift certificates, gift cards, and other gift obligations and providing penalties					

**Assumptions Used in Arriving at Fiscal Estimate**

This bill regulates the sale and redemption of gift cards and gift certificates (gift obligations). The bill requires sellers of gift obligations to provide the purchaser with conspicuous disclosure of any expiration date that applies to the gift obligation and the terms and amounts of any service charge that apply to the gift obligation.

The Department addresses consumer complaints mostly through mediation and education, but would now have specific statutory authority to investigate and seek prosecution of businesses engaged in fraudulent gift obligation sales practices.

Currently national statistics show \$5.5 billion in gift obligations go unused annually. One reason for this is expiration dates that could result in a loss of \$11 million for Wisconsin consumers. This new law would require disclosure of those expiration dates. Based on experience, the Department can further assume that the \$11 million of unused gift obligations due to expiration dates would result in 200 formal written consumer complaints per year. The Department estimates 20 complaints per year will require assignment to investigate staff for detailed investigation. Typically, these investigations will involve multiple jurisdictions. The Department estimates an additional workload of 2000 hours to administer and enforce the law.

**Long-Range Fiscal Implications**

Based on these assumptions the Department estimates 1.0 FTE Regulation Compliance Investigator will be necessary for enforcement of this law. Additional funding of \$60,200 annually will be necessary to fund this position.

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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 ☐ Supplemental

<b>LRB Number</b> 05-2851/5		<b>Introduction Number</b> SB-392	
<b>Description</b> The sale of gift certificates, gift cards, and other gift obligations and providing penalties			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  one time costs, office setup, computer, telephone service, supplies. \$10,000			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$47,700		
(FTE Position Changes)	(1.0 FTE)		
State Operations - Other Costs	12,500		
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$60,200</b>	<b>\$</b>	
<b>B. State Costs by Source of Funds</b>			
GPR	60,200		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$60,200	\$	
NET CHANGE IN REVENUE	\$	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DATCP/ Michelle Reinen (608) 224-4988		Barb Knapp (608) 224-4746	10/25/2005